

AN ESSAY ON MARXIAN ECONOMICS by Joan Robinson

Think Effective Demand or Theory of Employment in  
Mod. Eco. provides basis for study of law of  
action of capitalism.  
RUN LOSING RACE AGAINST COURSE OF HIS. p.111

- 6 strands of thoughts in Mx: (1) Unemployed army (fluctuates bet.  
stock of capital offering and  
& supply of available labor)  
(2) Declining r. of p. (greed for acc.  
stultifies itself by reducing  
r of p.)  
(3) Relationship bet. a.p. and m.c.

c, v, s, / output -- "avoid ambiguity; also capital per man employed)

p.19 p. Movement from equal r. of exploitation toward equal r. of p.

entrepreneurs not rapacious: Moneybags, inert shareholders now.  
Prop. & enterprise not indistinguishable.

ASSUMPTIONS OF CONSTANT R. OF EXPL. & LAW OF VALUE

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As soon as rigid subsistence level theory is abandoned, there is  
no answer as to what determines div. between total prod. bet.  
cap. & labor.

\*\*\*\*\*  
" Mx may be rescued only if it is argued that the  
marginal productivity of cap. <sup>real</sup> is assumed to  
fall very sharply beyond a certain point."

\*\*\*\*\*  
If no inducement to invest is necessary, m/n may be self-  
adjusting & no CRISIS, no matter how  
\*\*\*\*\* low level of subsistence.

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supply price of cap.; Abnormal profits are normal rule p.72  
overall monopsony. -- elasticity of demand; lower prices.

THEORY OF EQUILIBRIUM of Ex. & Prod.

Consumer's choice.

accepted doctrines: (1) ordinal view of utility  
(2) circular relationship of cost and value  
(3) opportunity cost principle.  
Marginal productivity and functional equations.

\*\*\*\*\* UNTIL '50S there was no substantial increase in  
mathematical econ.; eclecticism  
and at SAME TIME INTERNATIONALIZATION OF THEORY.

more preferred  
less preferred  
indifference curve

Marshall: cross bet. Ric. & Boem-B  
Every Marshallian theory finds  
its counterpart in restatement by Hicks.

"Proportionality of marginal utilities to prices becomes tangency  
of price line MARGINAL RATE OF SUBSTITUTION  
to indifference curve.

THEORY OF MONOPOLY

THEORY OF IMPERFECT COMP.

Diminishing RTurn: NOT REAL OBSTACLE to  
expansion of prod.--av. cost still diminishing  
at a point at which he stopped expanding,  
--hence MKT.

KEYNES --Classical pol. eco. concerned with distribution of social  
product rather than with AMOUNT, with relative share of  
national income rather than with forces which determine  
LEVEL. -- But one thing in common with classicists:

Sealing with: AGGREGATES INTERDEPENDENCE  
INCOME, CON. SAVING &  
INVESTMENT

rather than with individual prices.

Effective demand: "the aggregate income (or proceeds) which  
the entrepreneurs expect to receive, inclusive  
of income which they will hand on to the  
other factors of prod., from the amt. of current employment which  
they decide to give."

1. TOTAL demand in terms of money for goods  
determines profitability.

2. This demand however is nothing more than  
TOTAL money income created within eco..

3. SIXTH NATIONAL expenditure is identical  
with national income, and hence EMPLOYMENT

what determine its level:

4. PSYCHOLOGICAL attitude to liquidity

5. PROPENSITY TO CONSUME--REL. BET. TOTAL INCOME & AGGREGATE CON.  
(fairly stable function of aggregate income)

Given propensity to consume the level of investment will determine  
what the equilibrium vol. of employment will be.

6. PSYCHOLOGICAL expectation of future yield for  
cap. investment.

7. MARGINAL efficiency of capital investment

Expenditure: mp & mc  
det'd. by a law.

If employment depends upon size of national income,